

## Marriott pays \$186 million for LV land

### Company buys plot near convention center

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[Marriott International](#) has acquired 10.6 acres on Paradise Road across from the [Las Vegas Convention Center](#) for \$186 million, or about \$17.5 million an acre, [GlobeSt.com](#) reported.

Marriott also acquired two hotels and the former Beach night club on the block between Desert Inn Road and Convention Center Drive.

The five parcels that Marriott has either acquired or has contracted to acquire stretch from Paradise Road to [Debbie Reynolds Drive](#), giving the [Bethesda](#), Md.-based hospitality company control of nearly the entire block.

[Lewis Shaw](#), principal of [Dallas](#)-based developer Jackson-Shaw, said Marriott plans to build an upscale Marriott Marquis hotel on the land. Jackson-Shaw developed the nearby 250-room Renaissance Las Vegas hotel on Paradise.

Shaw said the area lacks a hotel that would provide the kind of "cradle-to-grave" services offered by other hotels in Las Vegas that cater to conventions, such as The Venetian, Mandalay Bay, MGM Grand and Wynn Las Vegas.

The Las Vegas Convention and Visitors Authority does a great job of selling Las Vegas as a whole, but there was more of an emphasis on the convention center when Manny Cortez was president and chief executive officer of the authority, Shaw said. Cortez retired and was replaced by Rossi Ralenkotter.

"What's happened is convention business is still strong, but it's not as strong at the Las Vegas Convention Center," Shaw said.

Under the name MRC1 Funding Corp., Marriott bought the 1.35-acre Beach site for \$24.75 million in 2006, according to [GlobeSt.com](#). The fund acquired the 6.5-acre site of Residence Inn by Marriott at Paradise and Desert Inn for \$65 million, along with a shuttered apartment complex on

less than an acre for \$8.75 million. A transaction to acquire Marriott Suites on Convention Center Drive for \$87.5 million is expected to close this month.

"Obviously, they're going to build a high-rise of some sort because of the price they paid," real estate consultant John Restrepo said. "It's not going to be a low-rise, garden-style hotel. It's over \$400 a foot. That's a high-rise number. It wouldn't surprise me to see that whole corner redeveloped."

Robert Walberg of MSN.com suggests investors stay away from Marriott International for several reasons, even though shares of hotel companies soared this week amid a frenzy of top-dollar deals, including Blackstone Group's agreement to pay \$26 billion for Hilton Hotels.

Marriott's second-quarter earnings beat estimates by 7.5 percent, with sales coming in 1.6 percent ahead of projections. But there's more to the sell-off than profit-taking, Walberg said.

Room revenue is likely to trend lower as the hotel industry adds capacity at a rapid rate. For example, just after stating its earnings results, Marriott boasted that it has 110,000 rooms worldwide under construction, awaiting conversion or approved for development. That's a considerable increase in supply from just one company, Walberg said.

Shaw said the convention authority asked him to build a 2,000-room hotel.

"I'm not a public company. I didn't have the pockets to do that," he said.

When Colony Capital bought the Las Vegas Hilton, everyone was hoping they would tear it down and rebuild, Shaw said. But for a price of less than \$400 million, they were able to "milk it," he said.